

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

JANUARY 25, 2007

A monthly meeting of the Board of Directors of the Small Business Loan Fund Corporation was held in public session at 315 Iron Horse Way, Providence, Rhode Island on January 25, 2007 at approximately 9:39 a.m.

Present were Board Members: Raymond Fogarty (Chair), Richard DeMerchant, William Parsons and Edward Rendine. Absent was Board Member Maurice Paradis. Also present were: Earl Queenan, Anthony Scolavino, Claudine Tikoian, Alicia Pomfret, Staff, Thomas Moses, Legal Counsel, and Robert Bromley, Senate Fiscal Office.

Mr. Fogarty called the meeting to order at 9:39 a.m.

Adoption of Minutes

Mr. Fogarty presented the Minutes of the Board Meeting held on December 21, 2006. Mr. Parsons made a motion to approve the Public and Executive Session Minutes and

Mr. DeMerchant seconded the motion, which was unanimously

passed.

Confidentiality of Executive Session Minutes

The next item to come before the Board was the consideration of maintaining the Executive Session Minutes of the December 21, 2006 meeting as confidential.

Mr. DeMerchant made a motion, Mr. Parsons seconded, and the motion passed unanimously.

Cash Position/Portfolio Activity/Delinquency Report

Mr. Scolavino presented the Reports of Cash Position, Portfolio Activity and Delinquency Review as of December 31, 2006. Following inquiries posed by

Mr. Rendine, Mr. Scolavino discussed the status of Andera, Inc. and Mr. Moses reported on the issues concerning Narragansett Pellet's current standings with the state and city fire code compliance and the pending certificate of occupancy. There was discussion concerning the difficulties and the burden of costs associated with fire code compliance that all Rhode Island businesses are now confronted with.

Mr. Fogarty informed the Board that he and Mr. Parsons recently attended a meeting and were asked to set up a fire code fund through the SBLFC for profitable businesses.

Mrs. Tikoian acknowledged that the fire code fund presently set up is restricted to non-profits only. Mr. Queenan discussed the SBA's role

in testifying before the General Assembly that the SBA would provide a loan guarantee for profitable businesses, and would cover 75% for each approved applicant. He is unaware of any loans having been issued that were guaranteed by the Rhode Island office of the SBA to date. After much discussion concerning the need for this fund for profitable businesses, amount of lendable funds remaining available through the SBLFC Set Aside Fire Fund that remain uncommitted, and suggested terms and conditions, a motion was made by Mr. Parsons, was seconded by Mr. Rendine, and was unanimously adopted to allow the funds remaining uncommitted in the Set Aside Fire Fund to be used for both non-profit and for-profit businesses subject to:

1. The same terms and conditions of the existing non-profit fire code fund.
2. A cap per loan of \$50,000.
3. An "Equity Position" from the beneficiary of the project.

Mr. Queenan told the Board that Struever Bros. Eccles & Rouse have approached the Economic Development Corporation concerning financing for a proposed restaurant to be located in The Plant Complex. The restaurant is the Cuban Revolution; it is a full service restaurant and there is one currently operating in the downtown area of the city. The Board concurred that they would consider an application for this project.

Staff noted that they did not have any other matters to address under the Public Session of the meeting.

Executive Session

At 10:21 a.m. Mr. Rendine made a motion to move the next portion of the meeting into Executive Session pursuant to the Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of RI 1956 (1988 Reenactment), as amended. Mr. Parsons seconded the motion, which passed unanimously.

Mr. Bromley then excused himself from the meeting.

Upon a motion made by Mr. DeMerchant and seconded by Mr. Parsons, the Board unanimously voted to return to Public Session at 10:33 a.m.

At this point, Mr. Bromley returned to the meeting.

Executive Session Vote Ratification

The next item to come before the Board was the ratification of voting held during the Executive Session. The vote on behalf of Mirror Image, Inc. to approve the \$75,000 loan application was presented for ratification. A motion to ratify the Executive Session Vote was made by Mr. Rendine, was seconded by Mr. Parsons, and was adopted unanimously.

Upon a motion made by Mr. DeMerchant and seconded by Mr. Parsons, the Board unanimously voted to adjourn. The meeting concluded at 10:34 a.m.

Respectfully submitted,

Earl F. Queenan, Jr.

Director of Accounting & Finance